



## Ohio Revised Code Section 1710.02 Creation and organization.

Effective: April 7, 2023

Legislation: House Bill 45

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(A)(1) A special improvement district may be created within the boundaries of any one municipal corporation, any one township, or any combination of municipal corporations and townships within a single county, or counties that adjoin one another, for the purpose of developing and implementing plans for public improvements and public services that benefit the district. A district may be created by petition of the owners of real property within the proposed district, or by an existing qualified nonprofit corporation.

(2) If the district is created by an existing qualified nonprofit corporation, the purposes for which the district is created may be supplemental to the other purposes for which the corporation is organized. The corporation is considered a special improvement district only when it acts with respect to a purpose for which the district is created, and not when it acts with respect to any other purpose for which it is organized.

(3) All territory in a special improvement district shall be contiguous; except that the territory in a special improvement district may be noncontiguous if at least one special energy improvement project or shoreline improvement project is designated for each parcel of real property included within the special improvement district. Additional territory may be added to a special improvement district created under this chapter for the purpose of developing and implementing plans for special energy improvement projects or shoreline improvement projects if at least one special energy improvement project or shoreline improvement project, respectively, is designated for each parcel of real property included within such additional territory and the addition of territory is authorized by the initial plan proposed under division (F) of this section or a plan adopted by the board of directors of the special improvement district under section 1710.06 of the Revised Code.

(4) The district shall be governed by the board of trustees of a nonprofit corporation. This board shall be known as the board of directors of the special improvement district.

(5) No special improvement district shall include any church property, or property of the federal or



state government or a county, township, or municipal corporation, unless the church or the county, township, or municipal corporation specifically requests in writing that the property be included within the district, or unless the church is a member of the existing qualified nonprofit corporation creating the district at the time the district is created.

(6) A shoreline improvement project may extend into the territory of Lake Erie as described in sections 1506.10 and 1506.11 of the Revised Code. However, the state shall remain exempt from any special assessment that may be levied against that territory under section 1710.06 and Chapter 727. of the Revised Code.

(7) More than one district may be created within a participating political subdivision, but no real property may be included within more than one district unless the owner of the property files a written consent with the clerk of the legislative authority, the township fiscal officer, or the village clerk, as appropriate.

(8) The area of each district shall be contiguous; except that the area of a special improvement district may be noncontiguous if all parcels of real property included within such area contain at least one special energy improvement or shoreline improvement thereon.

(B) Subject to division (A)(2) of this section, all of the following apply:

(1) A district created under this chapter is not a political subdivision, except for purposes of section 4905.34 of the Revised Code.

(2) A district created under this chapter shall be considered a public agency under section 102.01 and a public authority under section 4115.03 of the Revised Code.

(3) Districts created under this chapter are not subject to sections 121.81 to 121.83 of the Revised Code. Districts created under this chapter are subject to sections 121.22 and 121.23 of the Revised Code.

(4) All records of the district are public records under section 149.43 of the Revised Code, except that records of organizations contracting with a district are not public records under section 149.43 or



section 149.431 of the Revised Code solely by reason of any contract with a district.

(C)(1) Subject to division (C)(2) of this section, both of the following apply:

(a) Membership on the board of directors of the district shall not be considered as holding a public office. However, each member of the board of directors of a district, each member's designee or proxy, and each officer or employee of a district is a public official or employee under section 102.01 and a public official under section 2921.42 of the Revised Code. District officers and district members and directors and their designees or proxies are not required to file a statement with the Ohio ethics commission under section 102.02 of the Revised Code.

(b) Directors and their designees shall be entitled to the immunities provided by Chapter 1702. and to the same immunity as an employee under division (A)(6) of section 2744.03 of the Revised Code, except that directors and their designees shall not be entitled to the indemnification provided in section 2744.07 of the Revised Code unless the director or designee is an employee or official of a participating political subdivision of the district and is acting within the scope of the director's or designee's employment or official responsibilities.

(2) District officers and district members and directors of a district created by an existing qualified nonprofit corporation, and their designees or proxies, are public officials or employees under section 102.01 and public officials under section 2921.42 of the Revised Code by virtue of their positions with the corporation only when they act with respect to a purpose for which the district is created, and not when they act with respect to any other purpose for which the corporation is organized.

(D) Except as otherwise provided in this section, the nonprofit corporation that governs a district shall be organized in the manner described in Chapter 1702. of the Revised Code. Except in the case of a district created by an existing qualified nonprofit corporation, the corporation's articles of incorporation are required to be approved, as provided in division (E) of this section, by resolution of the legislative authority of each participating political subdivision of the district. A copy of that resolution shall be filed along with the articles of incorporation in the secretary of state's office.

In addition to meeting the requirements for articles of incorporation set forth in Chapter 1702. of the Revised Code, the articles of incorporation for the nonprofit corporation governing a district formed



under this chapter shall provide all the following:

(1) The name for the district, which shall include the name of each participating political subdivision of the district;

(2) A description of the territory within the district, which may be all or part of each participating political subdivision. The description shall be specific enough to enable real property owners to determine if their property is located within the district.

(3) A description of the procedure by which the articles of incorporation may be amended. The procedure shall include receiving approval of the amendment, by resolution, from the legislative authority of each participating political subdivision and filing the approved amendment and resolution with the secretary of state.

(4) The reasons for creating the district, plus an explanation of how the district will be conducive to the public health, safety, peace, convenience, and welfare of the district.

(E) The articles of incorporation for a nonprofit corporation governing a district created under this chapter and amendments to them shall be submitted to the municipal executive, if any, and the legislative authority of each municipal corporation or township in which the proposed district is to be located. Except in the case of a district created by an existing qualified nonprofit corporation, the articles or amendments shall be accompanied by a petition signed either by the owners of at least sixty per cent of the front footage of all real property located in the proposed district that abuts upon any street, alley, public road, place, boulevard, parkway, park entrance, easement, or other existing public improvement within the proposed district, excluding church property or property owned by the state, county, township, municipal, or federal government, unless a church, county, township, or municipal corporation has specifically requested in writing that the property be included in the district, or by the owners of at least seventy-five per cent of the area of all real property located within the proposed district, excluding church property or property owned by the state, county, township, municipal, or federal government, unless a church, county, township, or municipal corporation has specifically requested in writing that the property be included in the district. Pursuant to Section 20 of Article VIII, Ohio Constitution, the petition required under this division may be for the purpose of developing and implementing plans for special energy improvement projects or



shoreline improvement projects, and, in such case, is determined to be in furtherance of the purposes set forth in Section 2o of Article VIII, Ohio Constitution. Except as provided in division (H) of this section, if a special improvement district is being created under this chapter for the purpose of developing and implementing plans for special energy improvement projects or shoreline improvement projects, the petition required under this division shall be signed by one hundred per cent of the owners of the area of all real property located within the proposed special improvement district, at least one special energy improvement project or shoreline improvement project shall be designated for each parcel of real property within the special improvement district, and the special improvement district may include any number of parcels of real property as determined by the legislative authority of each participating political subdivision in which the proposed special improvement district is to be located. For purposes of determining compliance with these requirements, the area of the district, or the front footage and ownership of property, shall be as shown in the most current records available at the county recorder's office and the county engineer's office sixty days prior to the date on which the petition is filed.

Each municipal corporation or township with which the petition is filed has sixty days to approve or disapprove, by resolution, the petition, including the articles of incorporation. In the case of a district created by an existing qualified nonprofit corporation, each municipal corporation or township has sixty days to approve or disapprove the creation of the district after the corporation submits the articles of incorporation or amendments thereto. This chapter does not prohibit or restrict the rights of municipal corporations under Article XVIII of the Ohio Constitution or the right of the municipal legislative authority to impose reasonable conditions in a resolution of approval. The acquisition, installation, equipping, and improvement of a special energy improvement project under this chapter shall not supersede any local zoning, environmental, or similar law or regulation. In addition, all activities associated with a shoreline improvement project that is implemented under this chapter shall comply with all applicable local zoning requirements, all local, state, and federal environmental laws and regulations, and all applicable requirements established in Chapter 1506. of the Revised Code and rules adopted under it.

(F) Persons proposing creation and operation of the district may propose an initial plan for public services or public improvements that benefit all or any part of the district. Any initial plan shall be submitted as part of the petition proposing creation of the district or, in the case of a district created by an existing qualified nonprofit corporation, shall be submitted with the articles of incorporation or



amendments thereto.

An initial plan may include provisions for the following:

- (1) Creation and operation of the district and of the nonprofit corporation to govern the district under this chapter;
- (2) Hiring employees and professional services;
- (3) Contracting for insurance;
- (4) Purchasing or leasing office space and office equipment;
- (5) Other actions necessary initially to form, operate, or organize the district and the nonprofit corporation to govern the district;
- (6) A plan for public improvements or public services that benefit all or part of the district, which plan shall comply with the requirements of division (A) of section 1710.06 of the Revised Code and may include, but is not limited to, any of the permissive provisions described in the fourth sentence of that division or listed in divisions (A)(1) to (7) of that section;
- (7) If the special improvement district is being created under this chapter for the purpose of developing and implementing plans for special energy improvement projects or shoreline improvement projects, provision for the addition of territory to the special improvement district.

After the initial plan is approved by all municipal corporations and townships to which it is submitted for approval and the district is created, each participating subdivision shall levy a special assessment within its boundaries to pay for the costs of the initial plan. The levy shall be for no more than ten years from the date of the approval of the initial plan; except that if the proceeds of the levy are to be used to pay the costs of a special energy improvement project or shoreline improvement project, the levy of a special assessment shall be for no more than thirty years from the date of approval of the initial plan. In the event that additional territory is added to a special improvement district, the special assessment to be levied with respect to such additional territory shall commence



not earlier than the date such territory is added and shall be for no more than thirty years from such date. For purposes of levying an assessment for this initial plan, the services or improvements included in the initial plan shall be deemed a special benefit to property owners within the district.

(G) Each nonprofit corporation governing a district under this chapter may do the following:

- (1) Exercise all powers of nonprofit corporations granted under Chapter 1702. of the Revised Code that do not conflict with this chapter;
- (2) Develop, adopt, revise, implement, and repeal plans for public improvements and public services for all or any part of the district;
- (3) Contract with any person, political subdivision as defined in section 2744.01 of the Revised Code, or state agency as defined in section 1.60 of the Revised Code to develop and implement plans for public improvements or public services within the district;
- (4) Contract and pay for insurance for the district and for directors, officers, agents, contractors, employees, or members of the district for any consequences of the implementation of any plan adopted by the district or any actions of the district.

The board of directors of a special improvement district may, acting as agent and on behalf of a participating political subdivision, sell, transfer, lease, or convey any special energy improvement project owned by the participating political subdivision upon a determination by the legislative authority thereof that the project is not required to be owned exclusively by the participating political subdivision for its purposes, for uses determined by the legislative authority thereof as those that will promote the welfare of the people of such participating political subdivision; improve the quality of life and the general and economic well-being of the people of the participating political subdivision; better ensure the public health, safety, and welfare; protect water and other natural resources; provide for the conservation and preservation of natural and open areas and farmlands, including by making urban areas more desirable or suitable for development and revitalization; control, prevent, minimize, clean up, or mediate certain contamination of or pollution from lands in the state and water contamination or pollution; or provide for safe and natural areas and resources. The legislative authority of each participating political subdivision shall specify the consideration for such sale,



transfer, lease, or conveyance and any other terms thereof. Any determinations made by a legislative authority of a participating political subdivision under this division shall be conclusive.

Any sale, transfer, lease, or conveyance of a special energy improvement project by a participating political subdivision or the board of directors of the special improvement district may be made without advertising, receipt of bids, or other competitive bidding procedures applicable to the participating political subdivision or the special improvement district under Chapter 153. or 735. or section 1710.11 of the Revised Code or other representative provisions of the Revised Code.

(H) The owner of real property that is part of a planned community or a condominium development is deemed to have signed the petitions required under division (E) of this section and division (B) of section 1710.06 of the Revised Code with respect to a special improvement district that is being created for the purpose of developing and implementing plans for shoreline improvement projects if the district and the projects have been approved through an alternative process prescribed by the bylaws, declarations, covenants, and restrictions governing the planned community or condominium development. Such an alternative process may consist of a vote of the owners association or unit owners association, the approval of a specified percentage of property owners, or any other procedure authorized by the bylaws, declarations, covenants, and restrictions governing the planned community or condominium development.

As used in this division, "condominium development" and "unit owners association" have the same meanings as in section 5311.01 of the Revised Code, and "planned community," "owners association," "bylaws," and "declaration" have the same meanings as in section 5312.01 of the Revised Code.